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Committees
Economic Development, Small
Business and Regulatory Reform VC
Families and Human Services VC
Government Operations
Health Policy

The Jacobs Report

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BILLS TO CHANGE PROOF OF INSURANCE REQUIREMENTS

Outrage over a new law fining individuals who do not have their automotive proof of insurance has led two legislators to prepare amending legislation.

As it stands, drivers who are unable to immediately demonstrate proof of insurance are penalized with two \$150 assessments—spread over two years—in addition to a ticket fee. The new fee structure is a consequence of the Driver Responsibility Act enacted last July.

The law, PA 165 of 2003, was seen as a way of creating revenue needed to help balance the 2003-04 budget.

Senator Jud Gilbert (R-Algonac), primary sponsor of that legislation, plans to introduce a bill next week to change it. “As the principal author of the original legislation, I want to make it crystal clear that this was not intent of the law,” Mr. Gilbert said in a press release.

In addition to Sen. Gilbert’s proposed legislation, House Bill 4308, sponsored by Rep. John Garfield (R-Rochester Hills), would amend the current process to allow fees to be waived within ten days if a ticketed motorist can prove to the court that he or she had coverage at the time of the citation. HB 4308 passed the House of Representatives last December and currently awaits consideration in Senate Appropriations.

Mr. Gilbert said he is also asking Treasurer Jay Rising to defer for 30 days sending notices to drivers ticketed for not providing proof of insurance.

“The law was intended to deal with bad drivers,” said Senator Gilda Z. Jacobs (D-Huntington Woods), “not insured individuals who forgot their insurance certificates.”

PATTERSON: THUMBS UP FOR SIN TAXES, THUMBS WAY UP FOR GRANHOLM

“I’m not up here to ask the governor to raise taxes,” said Oakland County Executive L. Brooks Patterson during his recent visit to the Capitol, “but I’m saying if you have to raise taxes, I think the sin tax is the easiest way to go. The public will accept that as opposed to an income tax hike or a sales tax hike.”

The primary focus of Patterson’s visit was to meet with Lt. Governor John Cherry on the

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governor's proposal to revamp revenue sharing for counties. No matter how well-run or how valuable the tax base, all communities are experiencing financial strain as a result of Proposal A, the Headlee Amendment, revenue-sharing cuts, and the poor economy. A proponent of Rep. Larry Julian's (R-Lennon) Racino package, Mr. Patterson feels that trackside slot machines could generate \$150 million in revenue, providing a new lifeline for track communities such as Hazel Park, which has lost \$500,000 in revenue-sharing funds over the past three years. Like many other communities at the mature end of their growth cycle, Hazel Park's revenues from property taxes have been capped—meaning less real dollars each year as the costs of providing expected services skyrocket. "We are \$100,000 away from disaster," said Hazel Park City Manager Ed Klobucher.

Patterson is opposed to the governor's revenue-sharing proposal. "It will create a \$100 million hole in my budget," he claimed. The Granholm proposal would change the collection date for some local taxes to which Patterson said, "When you move it up, you leave yourself a six month hole without any revenue to operate your county."

He said that would force Oakland County to borrow money to fill in the gap and that in turn could result in Wall Street downgrading the county's AAA credit rating. That would drive up the cost of borrowing and Patterson fears a lower rating would make the area less attractive to out of state companies considering a move to his region.

Just before jumping into his Cadillac to head out of town, the GOP leader was asked to rate the governor's job performance on a scale of one to ten.

"Fourteen," he blurted without batting an eyelash. "Fourteen. Did you hear that governor?"

PA 141 COMPETITION ISSUES

Traditional power companies like DTE want a legal requirement for alternative power companies to serve residential clients.

The state's four-year-old electrical restructuring law has not resulted in increased competition among residential users.

Since homeowners are less profitable to serve than big industry, new alternative power companies are focusing their efforts towards commercial business instead of competing for residents. Under PA 141, they are not obligated to serve these clients.

Jim Weeks, general counsel for the Michigan Municipal Electric Association (MMEA), says that PA 141 gives the traditional power company the "obligation to serve" every Michigan user of electricity.

"Incumbent utilities under the current PA 141 construct are at a competitive disadvantage vis-a-vis Alternative Electric Suppliers that are not burdened with the obligation to serve and supply

reserve requirements," Weeks wrote.

The MMEA and its 39 members don't believe it's beneficial for Michigan to see any traditional utility suffer financial difficulty. While that wasn't the objective of the customer choice program, that is what is happening, he said.

The Senate Committee on Energy & Technology wrapped up another hearing on the electrical restructuring issue last Wednesday. No bill dealing with PA 141 has been introduced, but DTE Energy has been pushing for reforms, claiming that the current climate will cause future residential electric bills to go through the roof (although the Public Service Commission has gone on record refuting this claim). In a vast media campaign, an auxiliary has constructed a generous metaphor comparing the situation to California's energy crisis, urging a nervous public to contact their legislators in protest.

TOP FIVE ISSUES OF THE WEEK (as tabulated from e-mails, letters and telephone calls)

1. Gay Marriage

Update: House efforts to pass the anti-gay constitutional amendment are less certain than they were last week. Rep. Doug Hart (R-Rockford) withdrew his support Wednesday, calling the measure "Draconian." Rep. Lorence Wenke (R-Richland), a staunch Christian conservative, also draws the line on this issue. "I kept quiet when African-Americans were facing discrimination," he said. "There have been too many people who have been discriminated against in my lifetime, and this time I'm not going to sit quietly while somebody is being mistreated. This is a matter of conscience. There's nothing in it for me."

2. PA 141

Please see above article.

3. Sin Tax Increase

Most constituents are in support of the proposal, although opponents have only recently organized.

4. Proof of Insurance Violation Fees

Please see above article.

5. Comcast Out-state Contracting

Concerned constituents have copied their state legislators on correspondence to the mayor of Detroit.

State Senator Gilda Jacobs represents the 14th Senate District, which includes Beverly Hills, Bingham Farms, Farmington, Farmington Hills, Ferndale, Franklin, Hazel Park, Huntington Woods, Lathrup Village, Oak Park, Pleasant Ridge, Royal Oak Township, Southfield, and Southfield Township. She is the Minority Vice Chair of the Families & Human Services Committee and the Economic Development, Small Business & Regulatory Reform Committee. She also serves on the Government Operations and Health Policy Committees.

Constituents of the 14th District may contact Senator Jacobs at sengjacobs@senate.michigan.gov or toll-free at 1-888-937-4453.

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